



DEPARTMENT OF THE TREASURY

OFFICE OF PUBLIC AFFAIRS

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Contact: Tara Bradshaw
(202) 622-2014

NEW HEALTH COVERAGE TAX CREDIT PROGRAM BEGINS NATIONWIDE AUGUST 1ST

Starting August 1st, the federal Health Coverage Tax Credit (HCTC) program will begin operation nationwide, providing advance payments for health insurance premiums. The Trade Adjustment Assistance Act President Bush signed into law last year included the HCTC to help lower the cost of health insurance and provide much-needed relief to eligible state residents. The HCTC pays for 65% of the qualified health insurance premiums for people potentially eligible for the credit. People who are eligible for the HCTC include those eligible for certain Trade Adjustment Assistance benefits, or certain individuals who receive pension benefit payments from the Pension Benefit Guaranty Corporation (PBGC).

“I am pleased to launch the Health Coverage Tax Credit program—making health insurance more affordable for workers, retirees and their families,” stated Treasury Secretary John Snow. “This start-up is itself an accomplishment. In less than a year, our team has successfully built from the ground up a new system to help people pay for health insurance coverage. This represents a unique partnership between state and federal governments, labor and participating health plans. This program is a real innovation in tax policy, one that we hope will lead the way for other innovations that help real people obtain the health care coverage that they need in a flexible and reliable way. We want to ensure that those who qualify for the credit get the help they need as quickly as possible. This is a bold step in the direction of affordable health care for all Americans.”

To receive the HCTC an individual must be enrolled in a qualified health insurance plan. Some individuals may already be enrolled in a form of insurance that is automatically qualified, such as COBRA continuation coverage, certain spousal coverage, or in some cases individual (non-group) health insurance coverage. Recipients can receive their benefits either in advance - to help pay health plan premiums as they come due - or in a lump sum when they file their federal tax returns.

The processes and technologies to support the advance payment option have been developed in record time, and are now fully operational. An HCTC Customer Contact Center and toll free number are also now operational and an HCTC section is available on the IRS website. HCTC

Program Kits have been created and are being sent to all potentially eligible individuals nationwide. The HCTC Program Kit includes eligibility and health plan information, questions and answers and a registration form.

The HCTC program team met with state officials across the country to help them understand and implement the HCTC for their citizens and to help train appropriate state agency employees about the program. Pilot and pre-registration activities were conducted in Maine and Pennsylvania, respectively, where already over a thousand people have registered for the advance tax credit. On-site registration sessions will continue to be held in additional states through September.

Attached is a [state-by-state map](#) showing the most current preliminary estimate for the number of people potentially eligible for the HCTC. These numbers are being updated regularly as actual program information becomes available.

The national HCTC Customer Contact Center is open for callers at 1-866-628-HCTC (4282). For more information on a particular state and the health insurance programs that may qualify, please visit the HCTC website at www.irs.gov and enter IRS Keyword: HCTC.

Attachment